

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

In re:

CENTERSTONE LINEN SERVICES, LLC,
Atlas Health Care Linen Services Co., LLC,
Alliance Laundry & Textile Service, LLC,
Alliance Laundry and Textile Service of Atlanta, LLC, and
Alliance LTS Winchester, LLC
*d/b/a Clarus Linen Systems*¹,

Debtors.

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Case Nos.
)
18-31754 (main case)
)
18-31753
)
18-31755
)
18-31756
)
18-31757
)
Chapter 11 Cases
)
Jointly Administered
)
)
)

**NOTICE OF DETERMINATION OF SUCCESSFUL BIDDERS
AND BACK-UP BIDDER**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On January 15, 2019, the United States Bankruptcy Court for the Northern District of New York (the “Bankruptcy Court”) entered an order (the “Bidding Procedures Order”) [Docket No. 134], pursuant to sections 105(a), 363 and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (as amended, the “Bankruptcy Code”) and Rules 2002, 6004, 6006, 9007 and 9014 of the Federal Rules of Bankruptcy Procedure in the chapter 11 case of Alliance Laundry & Textile Service, LLC, a debtor and debtor in possession in the captioned cases (the “Debtor”). The Bidding Procedures Order established, among other things, certain procedures governing the Debtor’s assumption, assignment and/or transfer of certain contracts, commitments, leases, licenses, permits, purchase orders, and any other executory contracts and unexpired leases (each, an “Assigned Contract” and collectively the “Assigned Contracts”) in connection with the sale of substantially all of the Debtor’s assets to Crown Health Care Laundry Services, LLC (the “Crown Assets”), the separate sale of the Atlanta PP&E (the “Atlanta Assets”) and the fixing of Cure Amounts related thereto.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Centerstone Linen Services, LLC d/b/a Clarus Linen Systems (5594) ("Centerstone"); Atlas Health Care Linen Services Co., LLC d/b/a Clarus Linen Systems (2681) ("Atlas"); Alliance Laundry & Textile Service, LLC d/b/a Clarus Linen Systems (8284) ("Alliance"); Alliance Laundry and Textile Service of Atlanta, LLC d/b/a Clarus Linen Systems (4065) ("Atlanta"); and Alliance LTS Winchester, LLC d/b/a Clarus Linen Systems (0892) ("Winchester").

2. On January 17, 2019, the Debtor filed and served the Notice of Assumption, Assignment and/or Transfer [Docket No. 137] upon the counterparty to the Assigned Contract identified therein.

3. On February 4, 2019, the Debtor filed and served the Supplemental Notice of Assumption, Assignment and/or Transfer [Docket No. 177] upon the counterparties to the Assigned Contracts identified therein.

4. On February 6, 2019, the Debtor filed and served the Second Supplemental Notice of Assumption, Assignment and/or Transfer [Docket No. 182] upon the counterparties to the Assigned Contracts identified therein.

5. No competing bids were received for the Crown Assets, and as such, the offer submitted by Crown Health Care Laundry Services, LLC was deemed the highest and best offer for the Crown Assets (the "Crown Successful Bidder").

6. On February 7, 2019, the Debtor conducted an auction sale of the Atlanta Assets at the Syracuse, New York office of Bond, Schoeneck & King, PLLC (the "Auction Sale"). At the conclusion of the bidding, the Debtor, in consultation with HSBC Bank USA, N.A., determined that (i) the offer submitted by AMCP Clean Acquisition Company, LLC (the "Atlanta Successful Bidder") was deemed the highest and best offer for the Atlanta Assets, and (ii) the offer submitted by Children's Holding Group, LLC (the "Atlanta Back-up Bidder") was deemed the back-up bid for the Atlanta Assets.

7. Subject to the approval of the Bankruptcy Court at the Sale Hearing (as defined below), the Debtor intends to assume and assign to the Crown Successful Bidder the Assigned Contracts identified on the attached **Exhibit A**. Subject to the approval of the Bankruptcy Court at the Sale Hearing (as defined below), the Debtor intends to assume and assign to the Atlanta Successful Bidder the Assigned Contracts identified on the attached **Exhibit B**. If the transaction with the Atlanta Successful Bidder is not consummated, the Debtor intends to assume and assign to the Atlanta Back-up Bidder the Assigned Contracts identified on the attached **Exhibit C**. Pursuant to the Bidding Procedures Order, the non-debtor parties to the Assigned Contracts may raise at the Sale Hearing (as defined below) an objection to the assumption, assignment and/or transfer of such Assigned Contract solely on the issue of whether the Successful Bidder can provide adequate assurance of future performance, as required by section 365 of the Bankruptcy Code.

8. The hearing to approve the sale of the Crown Assets, the Atlanta Assets and the assumption and assignment of the Assigned Contracts (the "Sale Hearing") will be held before the Honorable Margaret Cangilos-Ruiz, United States Bankruptcy Judge, U.S. Federal Building and Courthouse, 100 S. Clinton Street, Syracuse, New York 13261, on **February 13, 2019 at 12:00 p.m. (prevailing Eastern time)**, or at such other time thereafter as counsel may be heard. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing.

Dated: February 8, 2019
Syracuse, New York

BOND, SCHOENECK & KING, PLLC

By: /s/ Camille W. Hill

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Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Assigned Contracts
Proposed to be Assumed and Assigned to the Crown Successful Bidder

<u>Contract</u>	<u>Cure Amount</u>
1. Linen Service Agreement with Houston Hospitals, Inc. d/b/a Houston Healthcare dated September 1, 2018	\$0.00
2. Linen Service Agreement with AnMed Health dated June 17, 2013.	\$0.00
3. Partners Cooperative Laundry Service Agreement dated September 1, 2013 and Participating Hospital Agreement dated May 25, 2017 with Archibald Memorial Hospital, Inc.	\$0.00
4. Linen Service Agreement with Partners Cooperative, Inc. dated September 1, 2013.	\$0.00
5. Linen Service Agreement dated August 1, 2016 and Addendum to Linen Service Agreement dated July 27, 2017 with Phoebe Putney Memorial Hospital, Inc.	\$0.00
6. Partners Cooperative Laundry Service Agreement dated September 1, 2013 and Participating Hospital Agreement with Self Regional Healthcare dated March 18, 2016.	\$0.00

EXHIBIT B

Assigned Contracts
Proposed to be Assumed and Assigned to the Atlanta Successful Bidder

None.

EXHIBIT C

Assigned Contracts
Proposed to be Assumed and Assigned to the Atlanta Back-up Bidder

<u>Contract</u>	<u>Cure Amount</u>
1. Contract with United States of America for linen services at Martin Army Community Hospital, Fort Benning, Georgia dated September 13, 2016, modified as of December 14, 2017.	\$0.00
2. Contract with United States of America for linen services at Moody Air Force Base, Georgia dated October 1, 2018.	\$0.00
3. Linen Service Agreement with Wellstar Health System, Inc. dated April 1, 2016.	\$0.00
4. Linen Service Agreement with Board of Regents of the University System of Georgia on behalf of the Georgia State University-Georgia State University Student Health Clinic dated July 1, 2018.	\$0.00